

THE ERM FOUNDATION

A COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Sabine Hoefnagel Tunde Morakinyo James Stacey
Secretary	Stuart Keeling
Charity number	1113415
Company number	ERM Foundation 05621200
Principal address	2nd Floor Exchequer Court 33 St Mary Axe London EC3A 8AA
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	Barclays Bank PLC One Churchill Place London E14 5HP
Solicitor	Veale Wasbrough Vizards Barnards Inn 86 Fetter Lane London EC4A 1AD
Chairman	Sabine Hoefnagel

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
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**THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT**

FOR THE YEAR ENDED 31 MARCH 2018

The trustees present their report and financial statements for the year ended 31 March 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with The Foundation's Memorandum and Articles of Associations, the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102)) and the Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS 102) and UK Generally Accepted Practice.

Structure, governance and management

The Foundation is a company limited by guarantee, incorporated on 14 November 2005. The Foundation is also a registered Charity and is governed by its Memorandum and Articles of Association and by the Charities Act 2011. The objectives of The Foundation are as follows:

1. To promote for the benefit of the public, sustainable development by the preservation, conservation and protection of the physical and natural environment.
2. To relieve poverty, suffering and hardship in any part of the world.

Sustainable development means "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

The Trustees, who are also the directors for the purpose of company law, who served during the year and to the date of approval, were:

Sabine Hoefnagel
Tunde Morakinyo
James Stacey

Caroline Vail is responsible for the day-to-day management of The ERM Foundation. None of the Trustees has any beneficial interest in the company. Each of the Trustees is a member of the company and guarantees to contribute £1 in the event of a winding up.

Under the terms of the charity's constitution, management of the charity's affairs is vested in the Board of Trustees. The Board of Trustees has the right to appoint members to the Management Committee either as additional members or to fill any casual vacancies.

The chair of the Trustees is responsible for the induction of any new Trustees which involves awareness of Trustee's responsibilities, the governing document, administrative procedures, the history and philosophical approach of the charity. A new Trustee will receive copies of the previous year's annual report and financial statements and a copy of the Charity Commission leaflet "The essential trustee: What you need to know".

No trustees have received any remuneration or expenses for their roles in the financial year.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing The Foundation's aims and objectives and when planning future activities and setting the loan making policy for the next year.

The ERM Foundation supports environmental, community and sustainable development causes that are of benefit to the public through appropriate charitable, educational and technical means. The ERM Foundation is run by employees of ERM, a global sustainability consulting group, and others. The ERM Foundation provides pro-bono as well as financial support to projects and social enterprises primarily located in Europe and the developing world. These include protecting local livelihoods, increasing access to clean energy for off-grid communities, providing environmental education and creating sustainable employment.

**THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 2018

Risk management

The Trustees have identified, monitored, and reviewed significant risks and have implemented systems and processes to manage and mitigate those risks. The main risks facing the charity are that we fail to maintain employee donations, which are the Foundation's funding base. However, ERM (the company) covers all of the Foundation's overhead and management costs, so the impact would be slight.

Objectives and activities

The ERM Foundation's objectives are to provide support to environmental, community and sustainable development causes that are of benefit to the public through appropriate charitable, educational and technical means. This is done through appropriate charitable, educational and technical endeavours.

The ERM Foundation selects projects to support that adhere to one or more of the following criteria:

- Low carbon development
- Water, sanitation and hygiene (WASH)
- Conservation and biodiversity
- Environmental education
- Empowering women and girls (cross-cutting theme)

The ERM Foundation seeks, through its programmes and partnerships, to provide financial resources and technical pro-bono support and volunteer time in ways that result in a better global environment achieved through sustainable and equitable development. ERM has provided generous support through making available technical, administrative and management support on an as-needed basis.

The ERM Foundation aims to be a responsive and learning organisation that is knowledgeable about the development, aspirations, needs, culture and environment of its partners. It is committed to encouraging diversity and professionalism among all its members, staff and volunteers.

The ERM Foundation raises money from employees of ERM and other donors. ERM provides matching funds where those donations are raised by employees specifically for charitable purposes. The ERM Foundation is advised by a committee of specialists from ERM's current staff and alumni.

The ERM Foundation also coordinates a variety of activities whereby ERM staff provide professional and volunteering support to environmental and social initiatives of benefit to local communities.

Achievements and performance in the year to 31 March 2018 ('FY18')

During FY18, the ERM Foundation disbursed grants to charitable organisations undertaking projects in India, Mongolia, Hong Kong and Rwanda. For example, we provided a grant for US \$11,000 to Africa Development Promise, which works with women-led farming cooperatives in Rwanda and Uganda. We also provided a US \$15,000 grant to Pure Earth, to support their work in India, where they are cleaning up polluted sites that are injurious to public health.

During FY18, the ERM Foundation continued to provide professional support on a pro bono basis for a range of charitable organisations around the world. For example, we are providing on-going support for the Royal Geographical Society in the United Kingdom, to build fieldwork capacity among geography teachers. We are also working with the Marine Conservation Society, to support their work to establish protected marine zones in UK waters. Overseas, we have provided technical support for a solar enterprise in Guatemala, helping them to measure and report on the carbon savings associated with the transition to their solar products and services.

This year, the ERM Foundation has launched a new 'seed funding' program, to help establish longer term partnerships with non-profit organizations in each of our regions. The funding for this program comes from ERM (the business). This year we approved several initial seed funding grants, including a US \$10,000 grant for a program in the UK that mentors teenage girls who are interested in pursuing careers in sustainability, and a US \$10,000 grant for a school for disadvantaged children in South Africa, to improve their solar and renewable energy infrastructure.

During FY18, the ERM Foundation continued to work with other corporate foundations to share knowledge and identify opportunities for collaboration. This year we co-hosted two corporate foundation roundtables that focussed on the topics of employee engagement, and the Sustainable Development Goals.

**THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 2018

During FY18, ERM Foundation received/raised US \$290,794 in donations.

Plans for the Future

In FY19 ERM Foundation plans to:

- Undertake a broad review of Foundation programmes globally, to ensure that we are evolving to meet the needs of our stakeholder
- Increase the amount of work we do to enable more women and girls to pursue careers in Science, Technology, Engineering and Math (STEM)
- Develop longer-term partnerships with non-profit organizations through our new seed funding program
- Continue to provide pro bono professional support for a range of charitable organizations.
- Continue to work with other corporate foundations and philanthropic organizations to share best practice and identify opportunities for collaboration.
- Publish our FY18 Foundation Annual Review, setting out a range of case studies of projects undertaken around the world.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Each of the Trustees has confirmed that there is no information of which they are aware that is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware.

On behalf of the board of Trustees



Sabine Hoefnagel

16 November 2018

Trustee

Company number: ERM Foundation 05621200,
Charity number: 1113415

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF TRUSTEES' RESPONSIBILITIES

Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of The ERM Foundation

Opinion

We have audited the financial statements of The ERM Foundation ("the charitable company") for the year ended 31st March 2018 which comprise the statement of financial activities including income and expenditure account, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

to the members of The ERM Foundation

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



LYNTON RICHMOND (SENIOR STATUTORY AUDITOR)

FOR AND ON BEHALF OF KPMG LLP, STATUTORY AUDITOR

CHARTERED ACCOUNTANTS

15 CANADA SQUARE

LONDON

E14 5GL

20 November 2018

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 US\$ Total Funds	2017 US\$ Total Funds
<u>Income</u>			
Donations and legacies	2	290,794	260,143
Total income		290,794	260,143
<u>Expenditure</u>			
Expenditure on charitable activities	3	299,686	963,373
Total expenditure		299,686	963,373
Net expenditure		(8,892)	(703,230)
Net movement in funds for the year		(8,892)	(703,230)
Reconciliation of funds			
Total funds brought forward		88,598	791,828
Total funds carried forward		79,706	88,598

The statement of financial activities also complies with the requirement for an income and expenditure account under the Companies Act 2006. All income and expenditure is unrestricted.

The notes on pages 10 to 13 form part of the financial activities.

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 US\$	2017 US\$
Current assets			
Cash at bank and in hand	7	79,706	88,598
Net current assets		79,706	88,598
Net assets		79,706	88,598
The funds of the charity			
General unrestricted funds	9	79,706	88,598
Total funds		79,706	88,598

The notes on pages 10 to 13 form part of the financial statements.

The financial statements were approved by the Board 16 November 2018.



Sabine Hoefnagel

Trustee

Company number: ERM Foundation 05621200
Charity number: 1113415

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2018

		2018	2017
		Unrestricted	Unrestricted
	Notes	US\$	US\$
Cash flows from operating activities	6	(8,892)	(251,926)
Change in cash and cash equivalents in the year		(8,892)	(251,926)
Cash and cash equivalents at the beginning of the year		88,598	340,524
Cash and cash equivalents at the end of the year		79,706	88,598

The notes on pages 10 to 13 form part of the financial statements.

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies

1.1. Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102)) and the Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

1.2. Income

Incoming resources are accounted for on the basis of entitlement, measurement criteria being met and when income becomes probable, and comprise donations from ERM entities on disposal of obsolete computer equipment. All income is unrestricted.

1.3. Expenditure

When the Foundation has entered into a legally enforceable contract to make charitable grants in future periods, this expenditure is recognised in the period in which the commitment is made. This is also the case where there is a constructive obligation to make such grants. The Foundation is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

1.4. Foreign exchange

The charity operates in local currencies in its main operating jurisdictions, ERM Foundation operates in the UK and also select countries when ERM has an office or working presence. Transactions in other foreign currencies are recorded at the rate ruling at the date of transaction and outstanding balances are regularly revalued to reflect the prevailing rates of exchange.

1.5. Going concern

On the basis of their assessment of the charity's financial position, the directors of The Foundation have a reasonable expectation that the charity will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.6 Donated services

The ERM Foundation receives donated services from ERM employees in their capacity as consultants. The donated services included in the Statement of Financial Activities reflect the value of their donated time at their set ERM charge out rates. The cost of the audit is donated by ERM Europe Ltd, there were no other fees paid to the auditor.

1.7 Tax

The ERM Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

2 Donations and legacies

	2018	2017
	US\$	US\$
	Total Funds	Total Funds
Donations and gifts	34,204	44,346
Voluntary income	2,000	2,000
Donated services	254,590	213,797
Donations and legacies	290,794	260,143

3 Expenditure on charitable activities

	2018	2017
	US\$	US\$
	Total Funds	Total Funds
Charitable activities:		
Grants	42,886	258,073
Bank charges	210	601
Donated services	254,590	213,797
One-off donation to LCEF2	-	451,304
FX loss	-	35,215
Governance costs:		
Governance costs	2,000	4,383
Expenditure on charitable activities	299,686	963,373

Governance costs include audit fees of \$2,000 (2017: \$2,000). This fee has been borne by ERM Europe Ltd, and there were no other fees paid to the auditor. Grants totalling to \$42,886 were made to environmental charities during the year (2017: \$258,073).

4 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year (2017: \$Nil). No expenses were paid to the Trustees of the ERM Foundation (2017: \$Nil).

5 Employees

There were no employees during the year (2017: Nil).

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Reconciliation of net movements in funds to net cash flow from operating activities

	2018 US\$	2017 US\$
Net movements in funds	(8,892)	(703,230)
(Gains)/losses on investments	-	-
Increase/(decrease) in creditors	-	-
(increase)/decrease in debtors	-	86,553
Non-cash donations	-	364,751
Net cash used in operating activities	(8,892)	(251,926)

7 Analysis of cash and cash equivalents

	2018 US\$	2017 US\$
Cash in hand	79,706	88,598

8 Capital Commitments

There were no capital commitments at the end of the financial year for which no provision has been made (2017: \$Nil).

9 Movement of Funds

	As at 1 April 2017 US\$	Incoming resources US\$	Outgoing resources US\$	As at 31 March 2018 US\$
Unrestricted funds	88,598	290,794	(299,686)	79,706
Total funds	88,598	290,794	(299,686)	79,706

10 Analysis of net assets between funds

	2018 US\$ Unrestrict ed Funds	2018 US\$ Total Funds	2017 US\$ Unrestrict ed Funds	2017 US\$ Total Funds
Funds balances at 31 March 2018 are represented by:				
Current assets	79,706	79,706	88,598	88,598
Total net assets	79,706	79,706	88,598	88,598

THE ERM FOUNDATION
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11 Related Party Disclosures

ERM Worldwide Limited supported The ERM Foundation with pro-bono time and matching funds for monies raised by ERM Staff to support Foundation projects. The cost of the audit was borne by ERM Europe Limited who also provided management and administrative support. As the management support received by The ERM Foundation was so small it has been deemed immaterial and has therefore not been reflected in kind.